

AID *Highlights*

WINTER 1986

CHILD SURVIVAL PROGRAM: HEALTH CARE FOR THE WORLD'S CHILDREN

The death of a young child is always tragic, especially when it could have been avoided. A child born in North America is fortunate. Health care is excellent, and parents need not worry that their child might die after catching measles or malaria. North American parents no longer have to fear that their children will contract a crippling or deadly disease from the water they drink. But in developing countries, child survival is a daily concern of parents.

In Third World nations, more than 14 million children under the age of five die every year—nearly as many as the entire preschool population in the United States. Some 40,000 children die every day from measles, tetanus, malnutrition and dehydration due to diarrhea—problems that were common in Europe and North America about 50 years ago but today are largely under control.

Infant deaths remain extremely high in developing nations. Infant mortality rates average 114 per 1,000 live births compared to 11 per 1,000 live births in the United States. Most of these deaths could be prevented if proven lifesaving treatments as well as vaccines and appropriate training and information were made available.

The United States, through the Agency for International Development (AID), is committed to help save the lives of children and prevent lifelong disabilities.

Focusing on Child Survival

After receiving supplemental funding from Congress, AID created the Child Survival Action Program in 1985 because of the urgent need to expand efforts to save children's lives. In 1986, AID has committed about one-half of its health account and an additional \$37.5 million allocated by Congress to the Child



"This century has seen the development of technologies which can offer protection from the diseases of childhood. I believe we can make a difference in the future of the world's children and the future of the world."

—President Ronald Reagan

Survival Fund and its Child Survival Action Program.

The program's goal is to reduce infant mortality rates in AID-assisted countries from 114 to 75 per 1,000 live births by the end of the century. AID intends to achieve this by funding programs that will provide lifesaving methods and treatment to infants and children under five.

These include oral rehydration therapy (ORT) to combat dehydration, immunization to protect children from disease, spacing the births of children to improve the chance of survival and breast-feeding and adequate nutrition to ensure normal growth. AID also aims to provide parents with health care education to help them keep their children alive and healthy.

Providing a Solution

In the developing world, five million children under the age of five die every year from dehydration usually caused by diarrhea—which can be brought on by cholera, dysentery, measles and other viruses and bacteria that thrive in unsanitary environments. While malnourished children have a chance of surviving diarrhea, they often do not survive dehydration.

As recently as 15 years ago, the standard treatment for dehydration was an intravenous infusion of fluids. But such treatment requires hospitals, trained medical personnel and sterile equipment such as clean needles—all in short supply in the developing world.

Then in 1971, several young American scientists, working near Pakistan, found they could rehydrate patients by administering orally a balanced solution of water, sugar and salts. With AID-supported research, scientists have



Immunization can prevent the deaths of millions of children who die every year from measles, tetanus and other diseases.

confirmed that ORT saves lives when combined with correct feeding practices.

Commonly referred to as ORT or salts, oral rehydration therapy works by preventing dehydration. Because it can be given through the mouth, parents can administer the solution to their children at home. The salts are inexpensive as well; a packet costs less than a candy bar. According to the World Health Organization (WHO), an estimated two-thirds of the 5.5 million children who die from dehydration each year could be saved if packets were made available and parents understood how and when to use ORT.

ORT has produced some dramatic results. Through the use of the solution, more than 600,000 children have been spared death due to dehydration.

AID supports ORT programs in more than 50 developing countries, and the impact is impressive:

- In Honduras, the death rate from diarrheal disease among children under two fell 40% within a year and a half after the ORT program was started in 1980.
- In Haiti, a program to treat infant diarrhea at the University Hospital in 1980 lowered infant mortality from 35% to 14% during the first year, to 1.9% the second year, and the rate has been less than 1% annually since January 1982.
- In Egypt, sample surveys indicate that between 1980 and 1985, through an AID-sponsored National Control of Diar-

rheal Disease Project, diarrhea-related deaths in children under two have been reduced by more than two-thirds, from 130,000 to 40,000 annually.

Large-scale public education efforts also have been effective in increasing ORT use. In Egypt, the AID-sponsored project disseminates basic information on ORT throughout the country. The effort includes radio and television commercials directed to mothers that explain how to recognize signs of dehydration and how and when to use ORT at home. Educational efforts also are aimed at doctors, nurses, pharmacists and hospital staffs who can help establish ORT practices across the country.

Under the Child Survival Action Program, AID is expanding efforts to increase ORT use around the world. In Bangladesh, plans are being made to establish local ORT production facilities to ensure an ongoing supply of ORT salts. The inexpensive salts will be sold by the private sector through 100,000 outlets.

In Nepal, ORT workers will train individuals to prepare and use ORT salts. In Indonesia, Project Concern International's Primary Health Care effort will receive help from the child survival program to establish ORT and immunization clinics for children under five.

On two occasions, AID has been joined by WHO, the U.N. International Children's Educational Fund (UNICEF) and the International Center for Diarrhoeal

Disease Research in Bangladesh in sponsoring international conferences on ORT. The first conference in 1983 focused on getting developing countries to believe that ORT could work. At that time only a few countries had ORT programs. By the time of the second conference in December 1985, some 95 developing countries had launched ORT programs.

"The potential of oral rehydration therapy for saving lives is one of the most important medical advances of this century," President Reagan said in a written message to participants at the second International Conference on Oral Rehydration Therapy.

But for all the progress, much more needs to be done. AID Administrator Peter McPherson challenged conference participants to make ORT accessible to every child by 1990 and to increase usage to 80% of the children who need it. Achieving just these two goals could save the lives of five million children in the next five years.

Promoting Immunization

Just as oral rehydration therapy is saving lives, immunization can prevent the deaths of millions of children who die every year from measles, tetanus and other diseases. Safe, effective vaccines against many diseases have been available for at least 20 years, but in developing countries only 20% of the children are being fully immunized. As a result, an estimated 3.5 million children die every year from common diseases; two million die from measles alone.

AID is assisting more than 50 countries in Latin America, Africa, Asia and

In Developing Countries

Every Year:

- 800,000 children die from tetanus
- 600,000 children die from whooping cough
- 2 million children die from measles
- 5 million children face handicaps as a result of preventable diseases
- More than one-fourth of the children suffer from undetected malnutrition
- Children suffer from 1 billion episodes of diarrhea

Every Day:

- 40,000 children under the age of five die

the Near East to expand immunization programs. The Combatting Childhood Communicable Diseases Project, carried out by the Centers for Disease Control, already is working on immunization projects in 12 African countries and is making plans to work in others. AID funds are helping to support immunization efforts and other child survival activities of international organizations such as the U.N. Development Programme and UNICEF.

AID-supported immunization programs have made important inroads in protecting children from the scourge of disease. For example, in nine urban areas of Zaire, an immunization program resulted in a 50% decline in measles and polio, a 25% decline in whooping cough and almost complete elimination of diphtheria. In Turkey, 85% of the children were vaccinated in the fall of 1985 through such a program.

Helping Children Thrive

Children suffering from malnutrition have a much harder time fighting disease. An estimated 140 million developing-world children between the ages of six months and five years suffer from malnutrition. AID helps address this problem through expanded promotion of breast-feeding, improved weaning practices, growth monitoring and vitamin A therapy—four important regimens that help a growing child thrive.

Good nutrition programs can help reduce afflictions such as blindness. For example, milk, eggs, carrots and leafy green vegetables that are rich in vitamin A are not always available to children in the developing world. An estimated 500,000 children become blind each year due to vitamin A deficiency.

Through AID's child survival program, a multimillion-dollar project is under way in Asia and Africa to train physicians, ophthalmologists and health and nutrition workers to detect, treat and prevent vitamin A deficiency. Technical assistance for the project is being provided by the International Center for Epidemiologic and Preventive Ophthalmology at Johns Hopkins University, the International Eye Foundation and Helen Keller International.

Other AID-supported programs include: a Peace Corps-sponsored grassroots effort to help villagers cultivate and preserve vegetables rich in vitamin A; the San Diego Lactation Program that helped train 15 teams of Third

"We have pledged our funds, our energies and our technologies to the child survival revolution. It is an investment in the future."

—AID Administrator
M. Peter McPherson



World doctors and nurses who then trained nearly 2,500 health professionals to promote effective breast-feeding and weaning practices; and Haiti's Department of Nutrition that implemented a system for teaching mothers about general health, nutrition and hygiene habits during pregnancy, breast-feeding and after weaning.

Supporting Related Health Activities

While the Child Survival Action Program focuses on expanded activities in ORT, immunization, birth spacing and nutrition, other AID efforts are contributing to improving the health care of children in the Third World.

—Family Planning

The link between birth spacing and improved child survival techniques has long been recognized by AID. Family planning services have been an important component of AID's development assistance program for 20 years. Because family planning information and services often can be provided to families through the same channels and delivery systems as are other child survival pro-

grams, AID is intensifying its effort to link family planning with child survival programs such as ORT.

—Water and Sanitation

Clean water—a resource often taken for granted in industrialized countries—is scarce or non-existent in much of the developing world. In rural areas, as much as 75% of the population may not have access to either safe water or sanitation facilities.

Unsafe drinking water and poor sanitation are directly related to scores of life-threatening diseases such as cholera, typhoid, dysentery, gastroenteritis and yellow fever. Three-fourths of all illnesses in the developing world are associated with inadequate water and sanitation. Since 1973, AID has supported more than 700 water supply and sanitation projects. In 1985, AID funded \$37.9 million for water and sanitation projects in 18 countries around the world.

—Research

Research is a key component of AID's program. Although many technologies for child survival exist, new and better

tools will make the job easier. AID supports research that is developing:

- Vaccines to prevent malaria that kills five million people a year in Africa; prototype vaccines have been developed already, two for the deadliest form of malaria and one for the most common form of the disease;
- A measles vaccine that can be administered effectively to children as young as six months;

- An improved whooping cough vaccine;
- A vaccine for rotavirus, the most prevalent cause of infant diarrhea; and,
- Heat-stable vaccines that will be less dependent on refrigeration or other special handling.

"Investment in new and improved health technologies is going to revolutionize health care in the Third World, and we plan to accelerate the pace of research," says McPherson. "We will select the most promising technological advances—those that promise the greatest payoffs in improving health and health conditions. These advances will ultimately reduce the cost of health service in the developing world as well."

Working in Partnership

AID works with host countries, other donors, universities, private firms and private voluntary organizations (both U.S. and indigenous) to preserve and improve the lives of children in the developing world.

More than 30 U.S. colleges and universities, including historically black colleges and universities, as well as many private sector organizations in the United States cooperate in these efforts. AID is

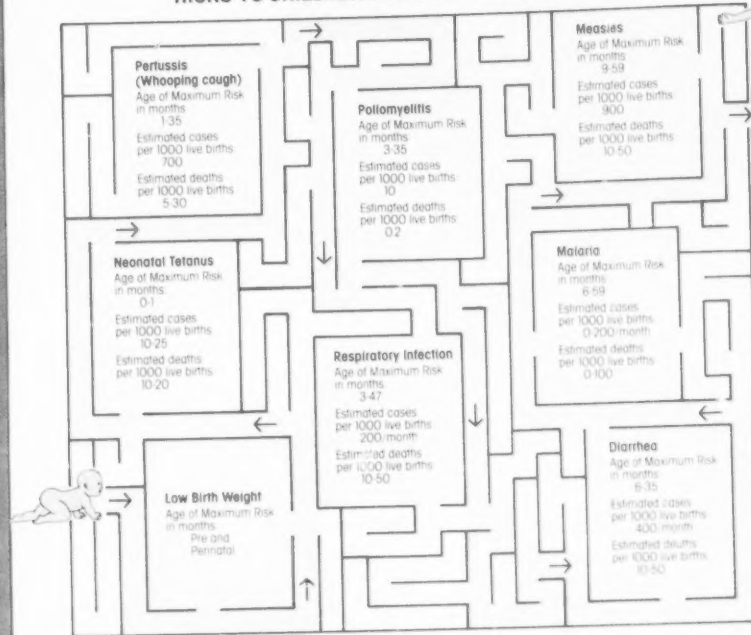
providing funding and consultants to U.S. private voluntary organizations working in developing countries to provide technical assistance to health organizations. These activities help primary health care programs become more effective and efficient and offer a greater opportunity for training host country health personnel.

"Without such programs in place, millions of children will continue to die

needlessly," says McPherson. "These programs are strengthening the institutional base for health services in the developing world and ultimately will provide a lasting contribution to the overall health and economic progress in even the poorest of countries.

"We have pledged our funds, our energies and our technologies to the child survival revolution. It is an investment in the future." ■

RISKS TO CHILDREN FROM BIRTH TO FIVE YEARS



SOURCE: Agency for International Development (Based on estimates of incidence of major infectious diseases in Africa, CCDC Annual Report, 1984).

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SUMMER 1986

PRIVATIZATION AND THE PRIVATE SECTOR: KEYS TO THIRD WORLD DEVELOPMENT

Government-owned corporations are commonplace in the Third World. Less developed countries (LDCs) often own and run their airlines, telephone and communications systems, and transportation and utility services. Some nations even have control of industries such as tomato sauce production and fertilizer marketing.

But an increasing number of countries are finding that government ownership slows economic growth and costs vast amounts of money. As a result, many countries have begun privatizing to improve efficiency and reduce costs.

The move toward privatization, the process of converting government-controlled services and/or industries to the private sector, is sweeping the globe and involves industrialized countries as well as those in the Third World.

Great Britain's privatization program generally is considered to be the most successful. It represents a transfer of the nationalization program undertaken by that country's Labor Party after World War II. Since Prime Minister Margaret Thatcher came to power, more than \$26 billion worth of government assets have been sold to the private sector.

These assets include Jaguar Motors, Great Britain's largest trucking firm; hotels once operated by British Rail; more than half a million public housing units; chemical firms; electronics firms; and most notable of all, the British telephone system.

Other worldwide examples of privatization include:



"In the equation of real world economics, individual initiative rises as rigid government control declines. The proper economic role of government is to provide a policy environment that will unleash the creative capacity of the people and foster reliance on free market forces."

—President Ronald Reagan

- Government-owned telephone and telegraph companies are being sold to the private sector in Bangladesh, Mexico, Thailand, South Korea, Malaysia, Sri Lanka and Japan.

- State-owned airlines are being sold to the private sector in Thailand, Singapore, Bangladesh, Malaysia, South Korea, Spain, Turkey and Japan.

- Bus services are being privatized in Thailand, Sri Lanka and Great Britain.

- Public housing is being sold to tenants in the People's Republic of China and Cuba.

The United States, through the Agency for International Development (AID), encourages developing nations to privatize and provides technical assistance to countries where privatization has begun.

President Reagan underscored the importance the Administration places on privatization in a message to participants of the AID-sponsored International Conference on Privatization in Washington, D.C., last February.

"As the world gathers momentum in its recovery from a long period of slow economic growth, we all need to help accelerate the process. We already know what works: private ownership, the freedom to innovate, healthy competition, reliance on market forces, and faith in the strength and inventiveness of the individual citizen.

"Privatization is premised on all of these principles and offers us the surest road to economic renewal and unprecedented prosperity for families and nations," the President said.



*More and more developing countries
are expressing interest in privatization.*

Privatization in the United States

Most Americans probably are more familiar with privatization than they realize. It has made its most significant progress to date with city governments that have contracted for just about every type of service, ranging from dog-catching to the administration of the city itself. Trash collection and water and sewerage services are two areas that are turned over frequently to the private sector.

In fact, there is not a single type of city service that has not been contracted to the private sector somewhere in the United States. Recent surveys indicate that 35% of all local governments contract for residential garbage collection; 44% contract for commercial trash collection; another 52% contract for the operation and maintenance of their bus systems; and about 80% contract for vehicle towing and storage.

City governments also frequently contract with private firms to repair streets, provide ambulance services, fight fires, provide crime control and manage public works, cemeteries, parks, museums, tennis courts, swimming pools and cultural centers.

The reason city governments are privatizing is basically the same reason that foreign governments have begun trying it—to save money and improve services. Successful privatization, both at home and in the developing world, can help establish viable, healthy private sectors. It has worked at the local and national levels in developed countries; it can work in the Third World.

AID's Involvement

Governments in advanced, industrialized countries such as the United States, Great Britain and Japan are in a good position to privatize because strong, financially healthy private sectors already exist.

Many developing countries, however, have little or no private sector at all. Stock markets virtually are non-existent, meaning there is little chance for investment and the trading of equity shares. Per capita income is low, meaning widespread capital is not available to invest.

What happens when a country wants to privatize but has a poorly developed private sector and no stock market? That's where AID comes in.

AID sponsored the International Conference on Privatization after

receiving numerous inquiries from developing countries about privatization.

"The interest in reducing the role of the public sector in national economies is a new phenomenon that has picked up momentum in the last three years," said Peter McPherson, AID's Administrator. "It results from the pragmatic realization that statism has failed in most parts of the world."

The conference featured presentations and workshops by recognized experts from various countries who have conducted research on or participated in privatization.

Each AID mission has been instructed to engage in discussions about privatization with its host country. AID's goal is for each of its 43 principal missions to be involved in an average of two privatization activities by the end of 1987.

Deputy Administrator Jay F. Morris announced at the conference that AID is setting up a privatization fund to assist developing countries in divesting state-owned enterprises. The fund will provide technical assistance to help countries develop and carry out a privatization strategy.

Administered through AID's Bureau for Private Enterprise, the fund will provide support to missions in assisting their host countries to prepare and adopt specific financial, legal, management and labor relations procedures needed to carry out successful privatization activities.

Additional help is available through the Center for Privatization, which is funded under a contract between Analysis Group Inc. and the Bureau for Private Enterprise. The center makes available a wide range of specialists who can provide advisory services to developing countries. These services first appear in the form of "reconnaissance teams" that analyze opportunities for privatization and develop country strategies.

The experts provide accounting audits, legal audits, business analysis and plans, analysis of investment properties and promotion, and macro- and microeconomic analysis, as well as technical advice in areas such as agriculture and technology, company restructuring,

marketing, taxing, project design and evaluation, and labor relations.

AID also provides technical assistance in privatization and capital market development through its Bureau for Program and Policy Coordination. The bureau advises AID missions on privatization projects and is preparing a manual on divestment and privatization for use in the field.

In addition, AID has launched activities in the following areas:

Honduras: A program for divestment of state-owned enterprises is being developed jointly by AID and the Honduran government. The sale of a government-owned saw mill to private interests has been completed. Also, legislation passed in 1985 requires the divestment of firms now owned by the national investment company CONADI.

Belize: Arrangements have been made for the sale of property owned by the government banana board to banana farmers.

Somalia: The government has eliminated price controls and has turned grain marketing over to the private sector, resulting in increased grain production.

Rwanda: AID has a \$12 million policy reform project to support privatization activities. The project will fund initial studies on business activities in eastern and southern Africa. It also will establish a venture capital fund and a loan guaranty fund that may assist Rwandan and foreign investors to buy into parastatals—industries or services partly controlled by the government and partly by a private interest—that are being turned over completely to the private sector.

Kenya: A cabinet-level privatization panel was appointed more than a year ago, and the government recently sold Kenya Fisheries Ltd. and offered for sale the government long-haul transport company.

Guinea: President Lansana Conte announced plans in December to carry out an economic reform program that would include privatization. A commission has been established to create a favorable environment for private enterprise. Seven parastatals have been closed permanently, and 13 others have been closed temporarily until they can be re-established under private

"Privatization is more than a way to cut government costs. It leads to open, competitive economies that produce wealth and jobs, and it can be the right step at the right time to finally liberate developing countries from slow growth or stagnation."

—Administrator Peter McPherson.



sector management. A fund will be established to finance startups and development of companies.

Bangladesh: AID is assisting the Bangladesh government in transferring the marketing of fertilizer from the state-owned Bangladesh Agriculture Development Corporation to private dealers. Since the project began, fertilizer retail sales have increased substantially.

Jamaica: A 1984 AID loan provided for an audit of state-owned enterprises and for the privatization of 30 companies. A later agreement provided for the sale or lease under foreign management of government-owned hotels.

Costa Rica: At the request of the Costa Rican government, AID made local currency available to establish a trust fund to buy shares of subsidiary enterprises now owned by the Costa Rican Development Corporation. The fund, a private entity, will take possession of the subsidiaries and offer them for sale to private owners.

Malawi: AID is assisting with the privatization of a group of 16 agri-

cultural estates totaling about 60,000 acres to several U.S. investors who have modern farming and cattle raising operations in the United States. AID conducted the initial feasibility study in early 1984 and provided a \$2 million loan to finance the project until divestiture proceedings were complete.

Guinea-Bissau: The government has privatized 27 of 270 retail outlets that were nationalized when Guinea-Bissau gained independence. A commission has been appointed to examine possibilities for privatizing state-owned retail outlets and may use a foreign firm to help plan for divestiture and privatization.

Philippines: The Center for Privatization has arranged to send officials from a U.S. investment bank to provide advice on setting up a divestiture unit within the government to work on privatization of government-owned entities, including 300 companies held by the Development Bank of the Philippines.

In addition, multilateral regional

development banks are encouraged to offer more loans without government guarantee to the private sector. For example, the Asian Development Bank has recently moved to establish a window for loans to private entities.

Increasing Interest Shown

Other international donors, such as the World Bank, also have encouraged privatization. The World Bank is assisting with technical divestment plans and is providing financial assistance to privatize individual state-owned enterprises.

In the developing world, increased interest in privatization is reflected by the growing number of requests that AID missions have received asking for assistance in establishing privatization plans.

Because privatization is a relatively new phenomenon, a major obstacle until recently has been the lack of knowledge as to how to go about the process. As more and more privatization success stories develop, more and more countries have been willing to try it.

"It has become clear that privatization offers a better future for many nations than statism," Administrator McPherson said. "This will become increasingly apparent as knowledge about the process and the means to achieve it becomes more common and is shared. We will increase our support for privatization in the years ahead."

PRIVATE SECTOR AREAS ARE BEING DEVELOPED

Before privatization can take place effectively, a healthy private sector needs to be in existence.

The fact that a country is interested in privatizing does not guarantee success. Privatization is a long process that is dependent on certain economic conditions being present.

In that regard, AID is working to promote private sector development through:

- **Technology Transfer:** AID is supporting a program that finances joint India-U.S. ventures to conduct research and development on marketable products or processes. The program will assist Indian firms to innovate by applying existing technical skills to commercial opportunities.
- **Investment Promotion:** AID has helped the Sri Lankan government establish an Investors Service Center.
- **Management Development:** A private Indonesian business management institute is receiving technical and financial assistance from AID to upgrade and expand its programs.
- **Small and Medium-Scale**

Enterprise Development:

AID's Manila mission is working with the Philippine Ministry of Trade and Industry to expand the ability of local business associations to provide management and marketing aid to small and medium-scale members.

• **Rural Industries:** AID's Bangkok mission is developing a program to provide financial and technical assistance to create a private finance company. The project will address a corporate working capital liquidity problem.

• **Export Development:** In Morocco, AID is developing the Private Sector Export Promotion project that addresses credit insurance, local currency pre-export credit facilities and technical assistance.

For nations in the developing world, privatization offers an alternative that could help them climb out of debt and add new life to their economies.

Support for privatization offers the best way possible to help Third World countries provide for themselves so that, in the long run, they will no longer require foreign assistance.

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EXPANDING THE FRONTIERS OF FREEDOM

U.S. foreign aid has many goals designed to improve the quality of life in less developed countries (LDCs). Foreign economic assistance programs as carried out by the Agency for International Development (AID) range from teaching children in Latin America reading to helping farmers in Africa grow more crops to showing Asian families how to run their own businesses to providing needed health services and food throughout the world.

But there is another important aspect of foreign assistance that frequently is overlooked. U.S. foreign economic assistance programs work to assure national security. By helping people in LDCs, U.S. foreign aid enhances regional stability, promotes economic development, encourages growth of democratic institutions and stimulates U.S. commercial relations with the Third World.

President Reagan has made note of the important link between Third World development and national security.

"By opening the door to economic opportunity, we have helped many nations turn from dependence to self-reliance," the President said. "We believe that prosperity fuels the fire of freedom. Our foreign aid is, therefore, not only a symbol of America's tradition of generosity and goodwill, but also a servant of our national interest."

Foreign Aid in Perspective

AID has been providing economic assistance to the nations of the developing world since 1961. During that time, more than 303 million tons of



"In our world today, there can be no enduring economic prosperity for the United States without sustained economic growth in the Third World."

— Secretary of State George Shultz

food have been provided to 1.8 billion people in more than 100 nations.

Emergency relief has been provided to victims of more than 770 natural disasters in 128 countries. Smallpox has been eradicated, and a vaccine for malaria is on the way. A "Green Revolution" in agriculture has introduced new high-yielding varieties of grains, enabling many nations to become self-reliant in food production.

Life expectancy in developing nations has increased by 20%, literacy by 33% and per capita income by 50%. High rates of population growth are beginning to level off in parts of Asia and Latin America, where up to 50% or more of the people in some countries now use family planning methods. Primary school enrollment has tripled and secondary school enrollment has increased sixfold.

Foreign assistance as a national policy originated with the Marshall Plan in 1947 when U.S. economic support helped rebuild Europe following World War II.

Providing economic assistance to U.S. allies makes good political sense because economic stability is probably the single most important factor in determining whether a system of government can survive.

Because the United States works to support free, democratic countries, it is in its best interest to provide assistance that can help the economies of these countries to grow. Countries with strong economies make for strong allies. This, in turn, helps increase the range of mutual defense while providing extra markets for the sale of goods produced in the United States.

A good example of how this can work can be seen in the assistance the United States provided to Europe and Japan following World War II. Under the Marshall Plan, the United States pumped about \$60 billion (by today's dollars) into Europe.

The resulting economic recovery of friends and former adversaries has tilted the strategic balance in Europe decisively toward the West. Japan, West Germany, France and Great Britain are economically sound countries today—and it is no coincidence that they also are America's strongest allies.

New Directions

The Agency for International Development was created by the Foreign Assistance Act of 1961 by combining the International Cooperation Administration and the Development Loan Fund.

Since then, the focus of the U.S. foreign economic assistance program has shifted from rebuilding war-torn Europe to aiding development of countries in Africa, Asia and Latin America.

By assisting developing countries, the United States improves its economic and political ties throughout the world, thus strengthening its national security interests while, at the same time, providing humanitarian assistance through programs in:

AGRICULTURE AND NUTRITION: AID is meeting the challenge of increasing food production by helping improve existing agricultural technology and working to help countries establish self-sustaining agricultural institutions.

Research is a key factor in improving agricultural production.

AID-supported research helped bring about a "Green Revolution" in agriculture in Asia that helped alleviate recurrent famine in Bangladesh, Pakistan and India. Work now is under way to help bring food self-reliance to the famine-plagued African continent.

AID and other donors played an important role in research that led to the development of high-yielding rice varieties, primarily at the International Rice Research Institute, that resulted in a 40% increase over yields of traditional varieties.

Similarly, AID and other donors supported research that led to the development of new wheat varieties that have had an average increase in yield of close to 100%.

Recently, AID's support to the Asian Vegetable Research and Development Center has developed heat- and bacterial-resistant tomatoes that will make tomato production feasible in hot and humid climates for the first time. Other research has led to the production of new varieties of sorghum that are adapting to the soil and climate conditions in the Sudan and are increas-

ing yields up to 150%.

AID also collaborates with U.S. land and sea grant colleges and universities in fields such as aquaculture, ocean fisheries, soil management, nutrition and food crop production, and post-harvest technology and works closely with private voluntary organizations, private sector firms, the U.S. Department of Agriculture and other U.S. government agencies such as the Peace Corps.

Collaborative agricultural research also has supported U.S. agriculture. The United States has benefited from the use of genetic materials from developing countries to improve virtually every major U.S. crop.

AID also helps developing nations increase agricultural production through irrigation, swamp drainage, construction of access roads, building of storage and market facilities and rural electrification systems.

For example, in Guatemala AID assisted in constructing about 206 kilometers of farm-to-market access roads that provided employment for 12,000 laborers and allowed 20% more produce to arrive at markets in good condition. In Sri Lanka, an AID project helped organize water users associations in the dry Gal Oya region in the southeastern part of the country and rehabilitated over 600 kilometers of irrigation canals.

HEALTH: Many deaths in less developed countries occur from malnutrition and illnesses such as diarrhea, respiratory infections, measles, tetanus and polio. These deaths can be easily prevented if services are available.

However, efforts to improve health are hampered by a lack of trained personnel at the community level, scarcity of rural health clinics, limited resources and lack of technical expertise.

AID has helped LDCs expand basic health care by supporting immunization, oral rehydration therapy and control of major communicable parasitic diseases. More than 50% of AID's health budget is directed at health service delivery. For example, in Africa AID has assisted in protecting 8.3 million children from the ravages of childhood diseases. Also, two million



It is important that we focus on educating people not just for what they are going to do, but also for what they are going to be.

Administrator Peter McPherson

Four basic policy principles guide the U.S. foreign aid program: policy dialogue and reform; transfer of appropriate technology; institution building; and reliance on the private sector and market forces as engines of economic growth. These "four pillars" now are mandated by law.

pregnant women in Africa have been immunized against tetanus.

AID recently doubled its budget for biomedical research, committing roughly 13% or \$31.5 million of the total health budget to this research. Research will improve the ability to diagnose, treat and even prevent diseases and will reduce the cost of health service delivery in the developing world.

Today, research is being carried out on tropical diseases such as onchocerciasis (river blindness) and malaria.

Onchocerciasis, when uncontrolled, can disable humans in the prime of life. AID is the major donor in the worldwide effort to control this disease. In the Volta River Basin in Africa, for example, valuable land has been returned to production and the majority of children born in the region have been protected from infection.

During the past 30 years, the United States has spent more than \$1 billion to control the spread of malaria, a disease that can kill up to five million people a year. It is estimated that one million children die annually from malaria in Africa alone.

As a result of research funded by AID, two prototype vaccines have been developed against malaria. One is for the most deadly form of the disease and the other for the most common form. If human testing is successful, the vaccine could be available for use by 1990 and should have a significant impact in controlling the disease.

AID is committed to a "child survival" program to focus on a limited number of manageable and proven technologies that promise sustained and direct health benefits for infants and children. These are oral rehydration therapy (ORT), immuni-

zation, birth spacing and improved nutrition practices including the promotion of breast feeding programs and growth monitoring.

The promotion of the use of oral rehydration therapy is an important part of AID's child survival effort. Between five and six million children in developing nations die every year from dehydration resulting from diarrhea. Diarrhea is brought on by cholera, measles and the many viruses and bacteria that thrive in unsanitary environments. Children in developing countries, often already malnourished, may survive the disease but not the dehydration resulting from severe diarrhea.

Over the course of 20 years, AID has helped support research that has demonstrated that oral rehydration therapy is a safe and effective treatment for diarrhea from all causes and for children and adults of



AID is working to make ORT available worldwide with activities in 42 countries.

all ages. Because the salt and sugar solution can be given by spoon, mothers and fathers can administer it to their children at home.

AID now is working to make ORT available worldwide with activities in 42 countries. The U.N. International Children's Emergency Fund (UNICEF) and the World Health Organization (WHO) are major partners in this global effort.

EDUCATION: Some 600 million adults in developing nations cannot read or do basic calculations. Only three-fifths of school-age children enter primary school, and only half will stay in school long enough to acquire even the most rudimentary skills.

The U.S. foreign aid program emphasizes primary education for children, non-formal education in life skills for adults and advanced training for development program managers, scientists and professional personnel. In addition, the program emphasizes that formal and non-formal education and participant training be directed to both males and females because both contribute significantly to the overall economic development process.

Modern technology also is applied to educate persons in remote regions. Radio and satellite communications are used to reach people in rural areas. AID has helped develop instructional radio programs that have taught children basic skills and farmers how to increase yields.

In addition, "scholarship diplomacy"—training and educating Third World citizens in the United States—is an important part of the foreign assistance program. Nearly 250,000 persons from the developing world have received training—most of them in the United States—under the foreign assistance program. AID is responsible for managing most U.S. government-sponsored scholarships for students and trainees from the Third World.

ENVIRONMENT AND NATURAL RESOURCES:

Receding tropical forest cover, soil erosion, exhaustion of croplands, depletion of fisheries, advancing desert frontiers, water pollution, indiscriminate pesticide use, inade-

quate industrial and urban pollution control, and inadequate or underused energy sources often are serious problems in developing countries.

AID assists in identifying and solving these problems in a number of ways. Technical environmental analysis is integrated into AID's development projects. Foreign governments are encouraged to adopt sound environmental policies. Support is provided for scientific and developmental institutions in developing countries engaged in environmental research and problem solving.

ENERGY: AID's energy program helps developing countries assess their energy needs and resources and develop affordable energy systems required for agricultural, health and educational activities.

In Haiti, AID is introducing a smokeless, briquetted fuel made from coal to replace fuelwood and kerosene in homes and businesses. In Jamaica, AID funded a promising study of the potential for large-scale electricity generation from sugarcane.

HOUSING: Adequate shelter is a critical need in the developing world. By the turn of the century, the world's population will be predominantly urban. Three-fourths of these urban dwellers will live in developing countries. Providing minimum, decent shelter is a major problem resulting from rapid urbanization. Shelter ranks next only to

food and medical care as a basic need of the poor.

Through AID's efforts, all but a small fraction of the housing in developing countries is built by the private sector. Most people build their own housing over time. AID encourages governments to provide those goods and services, such as sewerage systems, that people are unable to provide for themselves.

AID also works to encourage governments to remove constraints on private sector housing construction and to encourage self-help efforts.

AID's Challenge

An environment of poverty is a barrier to economic growth and to long-term global peace and security. The lack of skills, education, health services, access to safe water and adequate food all contribute to poverty. Growing population pressure, adverse climatic conditions, a deteriorating natural resource base and inappropriate government policies further exacerbate the problem.

Malnutrition and disease take the lives of more than 14 million children under the age of five every year in the developing world. This is almost the entire preschool population of the United States. Every day, 40,000 children under the age of five die from largely preventable causes.

A substantial portion of the population in the developing world does not have access to enough food to meet nutritional needs, and three

out of five people do not have easy access to safe water. Life expectancy in less developed countries is about 58 years on the average compared to 75 years in the United States. Average annual income is \$700 compared to \$11,070 in the developed nations, and unemployment rates are very high—up to 50%—particularly in densely populated urban areas. Over half of the people throughout the developing world do not have even basic reading skills.

The challenge faced by donor agencies such as AID and the governments of developing nations is to break through the barrier of poverty and provide incentives for economic progress that will lead to self-reliance and sustained growth.

AID is facing the challenge of the 1980s by sharing American scientific, technical and entrepreneurial skills to meet critical needs in the developing world. By encouraging policy dialogue, mobilizing the private sector, building durable institutions and transferring appropriate technology, AID helps build a better and more secure life for everyone both at home and abroad.

By helping developing countries achieve these goals, foreign economic assistance as administered by AID works to shape a world of prosperity, freedom and peace.

To carry out its programs, the Agency for International Development uses less than 1% of the federal budget. For fiscal 1987 AID has been authorized \$6.7 billion.

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